

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT

INDEPENDENT AUDITORS' REPORT

JUNE 30, 2008

**AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT
FOR THE YEAR ENDED JUNE 30, 2008
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AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT

BOARD MEMBERS AND OFFICIALS

June 30, 2008

Board of Education (Before September 2007 Election)

<u>Name</u>		<u>Term Expires</u>
Jim Black	President	September, 2010
Kirk Banks	Vice President	September, 2008
Phil Parks	Board Member	September, 2009
Gordy Johnson	Board Member	September, 2007
Janet Willer	Board Member	September, 2008
Kevin DeRocher	Board Member	September, 2009
Roger Oetken	Board Member	September, 2008

Board of Education (After September 2007 Election)

Jim Black	President	September, 2010
Kirk Banks	Vice President	September, 2008
Phil Parks	Board Member	September, 2009
Josh Martinsen	Board Member	September, 2010
Janet Willer	Board Member	September, 2008
Kevin DeRocher	Board Member	September, 2009
Roger Oetken	Board Member	September, 2008

Officials

Ron Flynn	Superintendent	June 30, 2008
Jodi Thompson	Board Secretary/ Business Manager	June 30, 2008
James Hanks	Attorney	Indefinite



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P.O. Box 1010
Le Mars, IA 51031
Phone (712) 546-7801
Fax (712) 546-6543

INDEPENDENT AUDITORS' REPORT

To the Board of Education of
Akron-Westfield Community School District
Akron, Iowa

We have audited the accompanying financial statements of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the Akron-Westfield Community School District as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Akron-Westfield Community School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of Akron-Westfield Community School District as of June 30, 2008 and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 9, 2009, on our consideration of the Akron-Westfield Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 4 through 14 and 37 through 38, are not a required part of the basic financial statements but are supplementary information required by U. S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Akron-Westfield Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2007 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information, included in Schedules 1 through 8, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in

the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

Williams & Company, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

Le Mars, Iowa
February 9, 2009

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT MANAGEMENT DISCUSSION AND ANALYSIS

Akron-Westfield Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2008. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2008 FINANCIAL HIGHLIGHTS

General fund revenues decreased slightly from \$5,184,289 in fiscal 2007 to \$5,182,672 in fiscal 2008, while general fund expenditures increased from \$4,953,160 in fiscal 2007 to \$5,162,781 in fiscal 2008. The District's General fund balance decreased from \$841,746 in fiscal 2007 to \$796,552 in fiscal 2008, a 5.3% decrease.

The slight decrease in the General fund balance is attributable to higher fixed costs and a slight decline in student enrollment, which directly effects revenue.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Akron-Westfield Community School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Akron-Westfield Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds.

Other Supplementary Information provides detailed information about the non-major Special Revenue Funds and Capital Project Funds.

Figure A-1 shows how the various parts of this annual report are arranged and relate to one another.

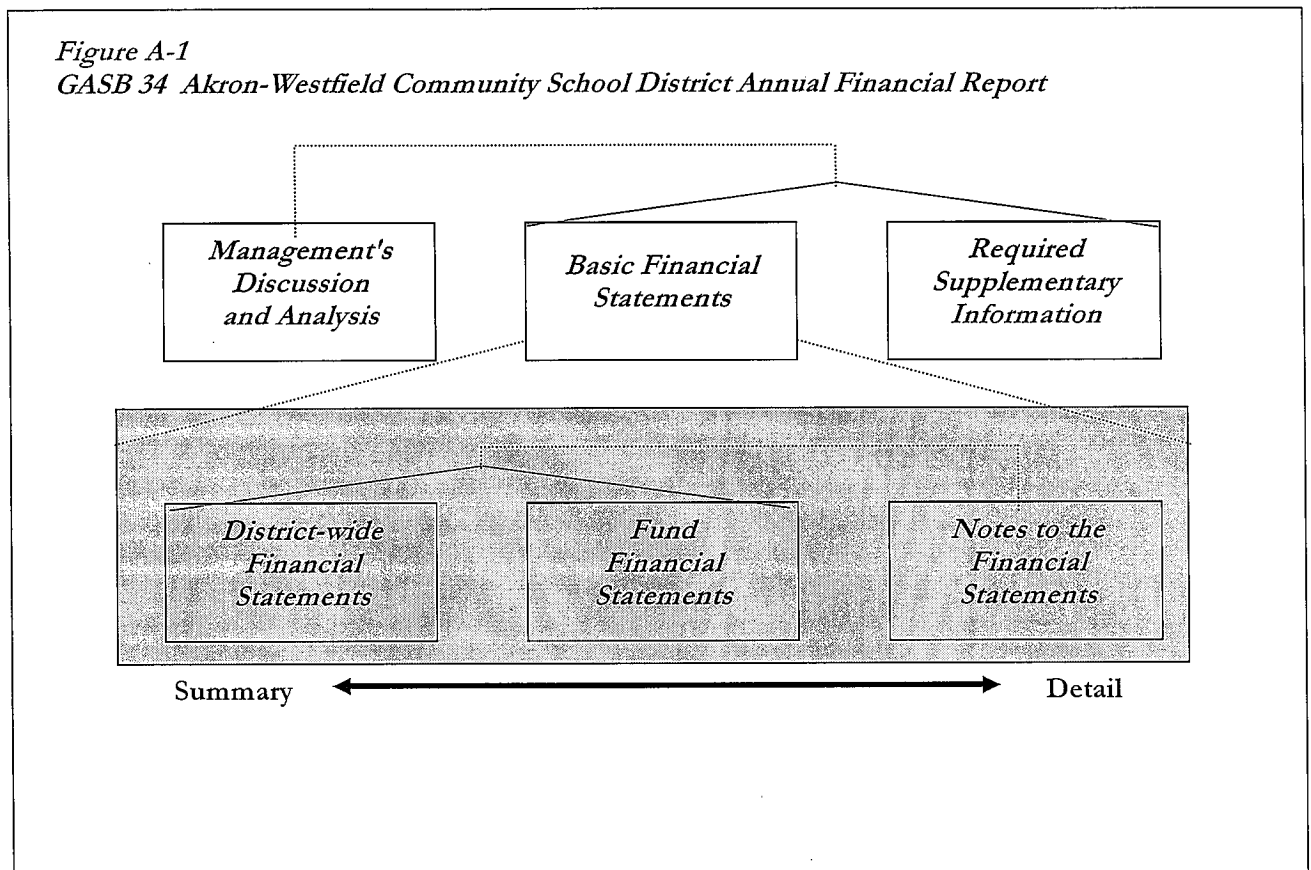


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

Figure A-2

Major Features of the Government-wide and Fund Financial Statements

	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services and adult education	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net assets • Statement of revenues, expenses and changes in fund net assets • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net assets • Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/ liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/ outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide financial statements report the District's net assets and how they have changed. Net assets – the difference between the District's assets and liabilities – are one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net assets are an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

In the government-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities*: Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- *Business-type activities*: The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program is included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds, or to show that it is properly using certain revenues, such as federal grants.

The District has three kinds of funds:

- 1) *Governmental funds*: Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The District's governmental funds include the General Fund, Special Revenue Funds, Debt Service Fund and Capital Project Funds.

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

Reconciliation between the government-wide financial statements and the fund financial statements follow the fund financial statements.

- 2) *Proprietary funds*: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's Enterprise Funds, one type of proprietary fund, are the same as its business-type activities, but provide more detail and additional information, such as cash flows. The District currently has one Enterprise Fund, the School Nutrition Fund.

The required financial statements for proprietary funds include a statement of net assets, a statement of revenues, expenses and changes in fund net assets and a statement of cash flows.

- 3) *Fiduciary funds*: Fiduciary funds are custodial in nature and are used to account for funds held by the District on behalf of someone else. The District's agency funds include the athletic boosters account and the employee flex account.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net assets at June 30, 2008

Figure A-3

Condensed Statement of Net Assets

	Governmental Activities		Business-Type Activities		Total District		Total % Change
	2007	2008	2007	2008	2007	2008	
Current and other assets	\$ 4,311,721	\$ 4,569,043	\$ 23,604	\$ 20,127	\$ 4,335,325	\$ 4,589,170	5.86%
Capital Assets	3,841,418	3,759,631	14,550	13,616	3,855,968	3,773,247	-2.15%
Total Assets	8,153,139	8,328,674	38,154	33,743	8,191,293	8,362,417	2.09%
Long-term debt outstanding	1,450,854	1,507,663	-	-	1,450,854	1,507,663	3.92%
Other Liabilities	2,864,144	2,570,542	90	82	2,864,234	2,570,624	-10.25%
Total Liabilities	4,314,998	4,078,205	90	82	4,315,088	4,078,287	-5.49%
Net Assets							
Invested in capital assets, net of related debt	2,378,869	2,559,879	14,550	13,616	2,393,419	2,573,495	7.52%
Restricted	454,703	580,370	-	-	454,703	580,370	27.64%
Unrestricted	1,004,569	1,110,220	23,514	20,045	1,028,083	1,130,265	9.04%
Total Net Assets	\$ 3,838,141	\$ 4,250,469	\$ 38,064	\$ 33,661	\$ 3,876,205	\$ 4,284,130	10.52%

The District's combined net assets increased by almost 11% or approximately \$400,000 over the prior year. The governmental activities increased \$412,328 and the business-type activities decreased \$4,403. The increase in the governmental activities was due to increases in the tax and intergovernmental revenues.

Figure A-4 shows the changes in net assets for the year ended June 30, 2008.

Figure A-4

Changes in Net Assets from Operations

	Governmental Activities		Business-Type Activities		Total District		Total % Change
	2007	2008	2007	2008	2007	2008	
Revenue:							
Program Revenue:							
Charges for Services	\$ 1,100,965	\$ 958,385	\$ 158,386	\$ 164,678	\$ 1,259,351	\$ 1,123,063	-10.82%
Operating and Capital grants, contributions, and restricted interest	594,595	649,850	94,980	97,704	689,575	747,554	8.41%
General Revenue:							
Property Tax	2,324,754	2,288,118	-	-	2,324,754	2,288,118	-1.58%
Local Option Sales Tax	302,400	294,583	-	-	302,400	294,583	-2.59%
State Aid	2,030,522	2,071,995	-	-	2,030,522	2,071,995	2.04%
Investment Earnings	62,990	50,893	272	154	63,262	51,047	-19.31%
Other	15,322	32,561	175	-	15,497	32,561	110.11%
TOTAL REVENUES	6,431,548	6,346,385	253,813	262,536	6,685,361	6,608,921	1.14%
Expenses:							
Instruction	3,790,952	4,005,590	-	-	3,790,952	4,005,590	5.66%
Support Services	1,450,700	1,692,463	-	-	1,450,700	1,692,463	16.67%
Non-instructional	-	-	261,895	266,939	261,895	266,939	1.93%
Other expenses	480,814	236,004	-	-	480,814	236,004	50.92%
TOTAL EXPENSES	5,722,466	5,934,057	261,895	266,939	5,984,361	6,200,996	3.62%
Change in Net Assets	\$ 709,082	\$ 412,328	\$ (8,082)	\$ (4,403)	\$ 701,000	\$ 407,925	-41.81%

Property tax, local option sales tax, and state aid account for 70% of the total revenue. The District's expenses primarily relate to instruction and support services, which account for 92% of the total expenses.

Figure A-5

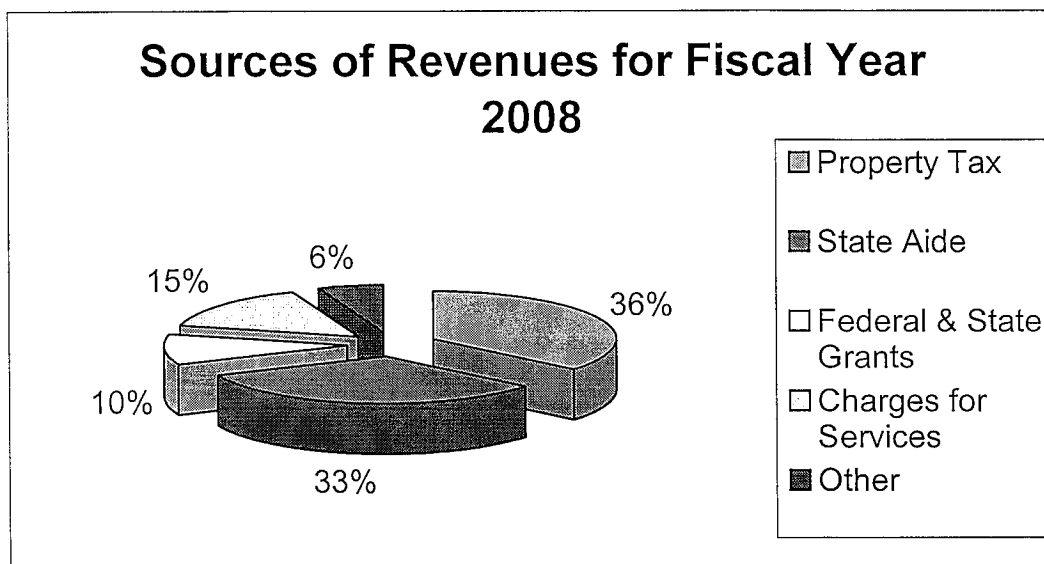
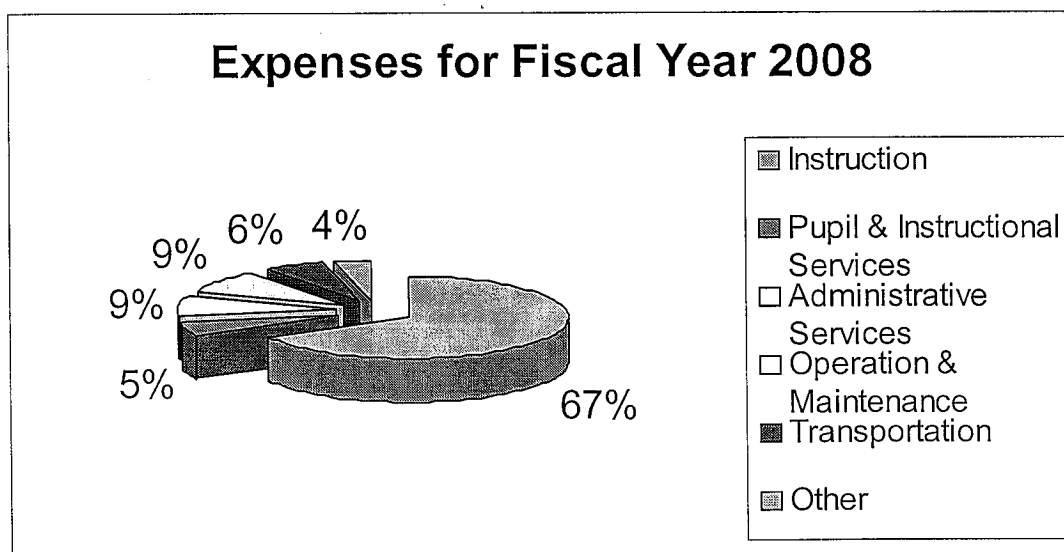


Figure A-6



Governmental Activities

Revenues for governmental activities were \$6,346,385 and expenses were \$5,934,057. In a difficult budget year, the District was able to balance the budget by trimming expenses to match available revenues.

The following table presents the total and net cost of the District's major governmental activities: instruction, support services, and other expenses.

Figure A-7

	Total Cost of Services		% Change	Net Cost of Services		% Change
	2007	2008		2007	2008	
Instruction	\$3,790,952	\$4,005,590	5.66%	\$2,487,427	\$2,718,865	9.30%
Support Services	1,450,700	1,692,463	16.67%	1,270,502	1,531,609	20.55%
Other Expenses	480,814	236,004	-50.92%	268,977	61,851	-77.01%
TOTAL	\$5,722,466	\$5,934,057	3.70%	\$4,026,906	\$4,312,325	7.09%

- The cost financed by users of the District's programs was \$971,882.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$649,850.
- The net cost of governmental activities was financed with \$2,288,118 in property taxes and \$2,071,995 in unrestricted state grants.

Business-Type Activities

Revenues for business-type activities (school food and nutrition services) totaled \$262,536 and expenses were \$266,939. The District's business-type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

INDIVIDUAL FUND ANALYSIS

As previously noted, Akron-Westfield Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported a combined fund balance of \$1,974,412, which is greater than last year's ending fund balances of \$1,770,624.

Governmental Fund Highlights

- The General Fund balance decreased from \$841,746 in fiscal 2007 to a balance of \$796,552 in fiscal 2008. This is primarily due to higher fixed costs and a slight decline in enrollment.
- The Debt Service fund balance increased by \$6,265 in fiscal year 2008. The fund balance at the end of FY 08 is \$101,782.
- The Physical Plant and Equipment Levy (PPEL) fund balance increased from \$360,920 in fiscal 2007 to \$428,044 in fiscal 2008.

Proprietary Fund Highlights

School Nutrition fund net assets decreased from \$38,064 at June 30, 2007 to \$33,661 at June 30, 2008.

BUDGETARY HIGHLIGHTS

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following a required public notice and hearing. The budget may be amended during the year utilizing statutorily prescribed procedures. The District's budget is prepared on the accrual basis. During the year, expenditures did not exceed the certified amounts. Detail can be found in the supplementary information section of this report as required.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

By the end of 2008, the District had invested \$8,275,067 in a broad range of assets, including school buildings, athletic facilities, computer and audio-visual equipment, and administrative offices. (See Figure A-8). Total depreciation expense for the year was \$266,194.

The largest changes in capital asset activity during the year occurred in the construction in progress category. The District completed an auditorium seating project during the fiscal year and started a project to enclose middle school classroom with permanent walls that will be completed in fiscal year 2009.

Figure A-8 - Capital Assets

	Governmental Activities		Business-Type Activities		Total District		Total Change
	2007	2008	2007	2008	2007	2008	2007-2008
Land	\$ 11,388	\$ 11,388	\$ -	\$ -	\$ 11,388	\$ 11,388	-
Land Improvements	216,151	216,151	-	-	216,151	216,151	-
Const. In Progress	45,208	86,523	-	-	45,208	86,523	91.39%
Buildings and improvements	6,339,092	6,447,065	-	-	6,339,092	6,447,065	1.70%
Furniture and Equipment	1,507,675	1,421,297	91,425	92,643	1,599,100	1,513,940	-5.33%
Total	\$ 8,119,514	\$ 8,182,424	\$ 91,425	\$ 92,643	\$ 8,210,939	\$ 8,275,067	-.78%

Long-Term Debt

At year-end, the District had \$1,200,000 in General Obligation Refunding Bonds outstanding, \$16,647 in general fund loans, \$6,615 in compensated absences, and \$284,401 in early retirement obligations.

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of several existing circumstances that could significantly affect its financial health in the future:

- Under Iowa's school funding formula, the District is highly dependent on student enrollment. The District's trend of declining enrollment will continue into the 2008-2009 school year.
- The district contracts in students from the Greater Hoyt District in South Dakota. During the 2007 Legislative Session the State of South Dakota passed Senate Bill 157, which in part states that any school district that has a fall enrollment of less than one hundred and is not a sparse school district shall reorganize with another school district or school districts to create a newly reorganized district, with a fall enrollment of one hundred or greater. The Greater Hoyt District must plan to reorganize effective July 1, 2009 (2009-2010 school year). This will have an impact of approximately \$470,000 in lost revenue per year for the Akron-Westfield Community School District.

- The District began receiving revenue from a one (1) percent local option sales tax during fiscal year 2005. This tax, voted in for ten (10) years, will provide revenue for capital repairs and improvements.
- The State of Iowa has seen a reduction in revenue, which has filtered down to school districts. The Governor has imposed a 1.5% across the board cut to funding for the 2008-2009 school year. This reduction could very well be carried forward into the 2009-2010 school year.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Jodi Thompson, District Secretary/Treasurer, Akron-Westfield Community School District, 850 Kerr Drive, Akron, Iowa 51001.

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2008

	Governmental Activities	Business Type Activity	Total
ASSETS			
Cash and Pooled Investments	\$ 2,222,245	\$ 11,761	\$ 2,234,006
Receivables:			
Property Tax	44,178		44,178
Succeeding Year Property Tax	2,053,266		2,053,266
Accrued Interest	1,754		1,754
Accounts	3,050		3,050
Due from Other Governments	120,555		120,555
Note Receivable	107,100		107,100
Inventories		8,366	8,366
Deferred Charges	16,895		16,895
Land	11,388		11,388
Construction in Progress	86,523		86,523
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	3,661,720	13,616	3,675,336
Total Assets	8,328,674	33,743	8,362,417
LIABILITIES			
Accounts Payable	64,803	82	64,885
Salaries and Benefits Payable	448,745		448,745
Accrued Interest Payable	3,728		3,728
Deferred Revenue - Succeeding Year Taxes	2,053,266		2,053,266
Noncurrent Liabilities:			
Due Within One Year:			
Compensated Absences	6,615		6,615
Notes Payable	5,000		5,000
Early Retirement Payable	52,376		52,376
Bonds Payable	155,000		155,000
Due in More Than One Year:			
Notes Payable	11,647		11,647
Early Retirement Payable	232,025		232,025
Bonds Payable	1,045,000		1,045,000
Total Liabilities	4,078,205	82	4,078,287
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	2,559,879	13,616	2,573,495
Restricted for:			
Educational Excellence - Phase III	1,495		1,495
Debt Service	98,054		98,054
Physical Plant and Equipment Levy	428,044		428,044
Other Special Revenue Purposes	52,777		52,777
Unrestricted	1,110,220	20,045	1,130,265
Total Net Assets	\$ 4,250,469	\$ 33,661	\$ 4,284,130

See Accompanying Notes to Financial Statements

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants Contributions	Capital Grants Contributions
Governmental Activities:				
Instruction:				
Regular Instruction	\$ 2,761,921	\$ 466,638	\$ 439,199	
Special Instruction	639,231	98,099	27,062	
Other Instruction	604,438	248,129	7,598	
Support Services:				
Student Services	167,497	8,635		
Instructional Staff Services	124,839			
Administration Services	519,951			
Operation and Maintenance	528,422	115,965		
Transportation Services	351,754	34,416	1,838	
Other Expenditures:				
Facilities Acquisition and Construction Services	6,791			
Long-term Debt Interest	55,060			
AEA Flowthrough	174,153		174,153	
Total governmental activities	<u>5,934,057</u>	<u>971,882</u>	<u>649,850</u>	<u>-</u>
Business Type Activity				
Non-instructional Programs				
Food Service Operations	<u>266,939</u>	<u>164,678</u>	<u>97,704</u>	
Total	<u><u>\$ 6,200,996</u></u>	<u><u>\$ 1,136,560</u></u>	<u><u>\$ 747,554</u></u>	<u><u>\$ -</u></u>
General Revenues:				
Property Tax Levied For:				
General Purposes				
Debt Service				
Local Option Sales Tax				
Unrestricted State Grants				
Unrestricted Investment Earnings				
Other				
Total general revenues				
Change in net assets				
Net assets - beginning				
Prior Period Adjustment				
Net Assets - Beginning of Year, Restated				
Net assets - ending				

See Accompanying Notes to Financial Statements

**Net (Expense) Revenue
and Changes in Net Assets**

<u>Governmental Activities</u>	<u>Business Type Activity</u>	<u>Total</u>
\$ (1,856,084)		\$ (1,856,084)
(514,070)		(514,070)
(348,711)		(348,711)
(158,862)		(158,862)
(124,839)		(124,839)
(519,951)		(519,951)
(412,457)		(412,457)
(315,500)		(315,500)
(6,791)		(6,791)
(55,060)		(55,060)
-		-
<u>(4,312,325)</u>		<u>(4,312,325)</u>
	\$ (4,557)	(4,557)
<u>(4,312,325)</u>	<u>(4,557)</u>	<u>(4,316,882)</u>
2,082,554		2,082,554
205,564		205,564
294,583		294,583
2,071,995		2,071,995
50,893	154	51,047
19,064		19,064
<u>4,724,653</u>	<u>154</u>	<u>4,724,807</u>
412,328	(4,403)	407,925
3,715,741	38,064	3,753,805
122,400		122,400
<u>3,838,141</u>	<u>38,064</u>	<u>3,876,205</u>
\$ 4,250,469	\$ 33,661	\$ 4,284,130

See Accompanying Notes to Financial Statements

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNEMENTAL FUNDS
JUNE 30, 2008

	General	Debt Service	PPEL Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and Pooled Investments	\$ 1,244,604	\$ 160,413	\$ 375,115	\$ 442,113	\$ 2,222,245
Receivables:					
Property Tax	33,676	4,373	1,347	4,782	44,178
Succeeding Year Property Tax	1,691,296	200,138	41,832	120,000	2,053,266
Accrued Interest				1,754	1,754
Accounts	3,050				3,050
Due from Other Funds			23,008	52,462	75,470
Advance to Other Funds	1,593		62,368		63,961
Due from Other Governments	69,316			51,239	120,555
Note Receivable				107,100	107,100
Total Assets	3,043,535	364,924	503,670	779,450	4,691,579
Liabilities and Equity					
Liabilities:					
Accounts Payable	25,786		33,661	5,356	64,803
Due to Other Funds	75,470				75,470
Advance from Other Funds		62,368		1,593	63,961
Salaries and Benefits Payable	448,745				448,745
Early Retirement Payable				4,064	4,064
Unearned Revenue	5,686	636	133	403	6,858
Deferred Revenue - Succeeding Year Taxes	1,691,296	200,138	41,832	120,000	2,053,266
Total Liabilities	2,246,983	263,142	75,626	131,416	2,717,167
Fund Balances:					
Reserved for:					
Educational Excellence- Phase III	1,495				1,495
Debt Service		101,782			101,782
Note Receivable				107,100	107,100
Unreserved for:					
General Fund	795,057				795,057
Special Revenue Fund			428,044	229,131	657,175
Capital Project Fund				311,803	311,803
Total Fund Balances	796,552	101,782	428,044	648,034	1,974,412
Total Liabilities and Equity	\$ 3,043,535	\$ 364,924	\$ 503,670	\$ 779,450	\$ 4,691,579

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2008

Amounts reported for Governmental Activities in the Statement of Net assets are different because:

Total Fund Balance - Governmental Funds (page 18)	\$ 1,974,412
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	3,759,631
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.	(3,728)
Bond issue costs are reported in the governmental activities but are not reported in the governmental funds as they do not provide current economic resources.	16,895
Deferred revenues from the balance sheet that provide current financial resources for governmental activities.	6,858
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
General Obligation Refunding Bonds	\$ (1,200,000)
Notes	(16,647)
Early Retirement	(280,337)
Compensated Absences	(6,615)
	<u>(1,503,599)</u>
Total Net Assets - Governmental Activities (page 15)	<u>\$ 4,250,469</u>

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	General	Debt Service	PPEL Fund	Other Governmental Funds	Total Governmental Funds
Revenue:					
Local Sources:					
Local Tax	\$ 1,711,413	\$ 205,564	\$ 135,795	\$ 529,915	\$ 2,582,687
Tuition	529,388				529,388
Other	199,498	6,104	22,376	263,553	491,531
State Sources	2,576,416	159	52	181	2,576,808
Federal Sources	165,957				165,957
Total Revenue	5,182,672	211,827	158,223	793,649	6,346,371
Expenditures:					
Current:					
Instruction:					
Regular Instruction	2,484,566			108,358	2,592,924
Special Instruction	639,231				639,231
Other Instruction	351,139			253,299	604,438
Support Services:					
Student Services	171,725			7,566	179,291
Instructional Staff Services	80,732			48,194	128,926
Administration Services	490,821			20,685	511,506
Operation and Maintenance	474,889		6,900	47,986	529,775
Transportation Services	295,525		21,670	9,549	326,744
Other Expenditures:					
Facilities Acquisition and Construction Services			33,661	122,418	156,079
Long-term Debt:					
Principal		245,903			245,903
Interest and Fiscal Charges		53,613			53,613
AEA Flowthrough	174,153				174,153
Total Expenditures	5,162,781	299,516	62,231	618,055	6,142,583
Excess (Deficiency) of Revenues Over Expenditures	19,891	(87,689)	95,992	175,594	203,788
Other Financing Sources (Uses):					
Transfers In		93,953			93,953
Transfers Out	(65,085)		(28,868)		(93,953)
Total Other Financing Sources (Uses)	(65,085)	93,953	(28,868)	-	-
Net Change in Fund Balances	(45,194)	6,264	67,124	175,594	203,788
Fund Balances - Beginning of Year	841,746	95,518	360,920	350,040	1,648,224
Prior Period Adjustment				122,400	122,400
Fund Balances - Beginning of Year, Restated	841,746	95,518	360,920	472,440	1,770,624
Fund Balances - End of Year	\$ 796,552	\$ 101,782	\$ 428,044	\$ 648,034	\$ 1,974,412

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds (page 20)	\$	203,788
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Governmental funds report capital outlays, including infrastructure, as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Depreciation expense exceeded capital outlays in the current year as follows:

Expenditures for capital assets	\$ 182,255	
Depreciation expense	<u>(264,042)</u>	(81,787)

Accrued interest expense that does not require current financial resources		807
--	--	-----

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:

Early retirement	52,472	
Compensated absences	<u>(6,615)</u>	45,857

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues.		14
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The effect of bond issuance costs when new debt is issued, whereas, these amounts are deferred and amortized in the Statement of Activities.		(2,253)
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Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.

Repaid	245,902	
Issued	<u>-</u>	<u>245,902</u>

Change in net assets of governmental activities (page 17)	\$	<u><u>412,328</u></u>
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AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUND
JUNE 30, 2008

	Business Type Activity School Nutrition Fund
ASSETS	
Current Assets:	
Cash and Pooled Investments	\$ 11,761
Inventories	8,366
Total Current Assets	<u>20,127</u>
Noncurrent Assets:	
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	<u>13,616</u>
Total Noncurrent Assets	<u>13,616</u>
Total Assets	<u>33,743</u>
LIABILITIES	
Current Liabilities:	
Accounts Payable	<u>82</u>
Total Current Liabilities	<u>82</u>
Total Liabilities	<u>82</u>
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	13,616
Unrestricted	<u>20,045</u>
Total Net Assets	<u>\$ 33,661</u>

See Accompanying Notes to Financial Statements

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Business Type Activity</u> <u>School Nutrition Fund</u>
Operating Revenues:	
Charges for services	\$ 164,678
Total Operating Revenue	<u>164,678</u>
Operating Expenses:	
Non-Instructional Programs:	
Food Service Operations:	
Salaries	104,872
Benefits	34,332
Purchased Services	2,146
Supplies	123,176
Depreciation	2,152
Other	<u>261</u>
Total Operating Expenses	<u>266,939</u>
Operating (Loss)	<u>(102,261)</u>
Non-Operating Revenues	
Interest Income	154
State Lunch Reimbursements	3,308
National School Lunch Program	80,706
Federal Food Commodities Received	<u>13,690</u>
Total Non-Operating Revenues	<u>97,858</u>
Change in net assets	(4,403)
Net Assets - Beginning	<u>38,064</u>
Net Assets - Ending	<u><u>\$ 33,661</u></u>

See Accompanying Notes to Financial Statements

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2008

	Business Type Activity School Nutrition Fund
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 164,678
Cash paid to employees for services	(139,204)
Cash paid to suppliers for goods or services	(114,699)
Total cash (used) by operating activities	<u>(89,225)</u>
Cash flows from noncapital financing activities:	
State grants received	3,308
Federal grants received	80,706
Total cash provided by noncapital financing activities	<u>84,014</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	(1,218)
Total cash (used) by capital and related financing activities	<u>(1,218)</u>
Cash flows from investing activities:	
Interest on investments	154
Total cash provided by investing activities	<u>154</u>
Net decrease in cash and cash equivalents	(6,275)
Cash and cash equivalents - beginning of year	18,036
Cash and cash equivalents - end of year	<u>11,761</u>
Reconciliation of operating income (loss) to net cash used by operating activities:	
Operating (loss)	(102,261)
Adjustments to reconcile net operating loss to net cash used by operating activities:	
Depreciation expense	2,152
Commodities used	13,690
(Increase) decrease in assets and increase (decrease) in liabilities:	
Inventories	(2,798)
Accounts Payable	(8)
Net cash (used) by operating activities	<u>\$ (89,225)</u>
Non-cash investing, capital and financing activities:	
Federal food commodities received	<u>\$ 13,690</u>

See Accompanying Notes to Financial Statements

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUNDS
JUNE 30, 2008

ASSETS

Cash and Pooled Investments	\$ 4,917
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Total Assets	<u>4,917</u>
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LIABILITIES

Due to Others	<u>4,917</u>
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Total Liabilities	<u>4,917</u>
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NET ASSETS

Unrestricted	<u>-</u>
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Total Net Assets	<u><u>\$ -</u></u>
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AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Akron-Westfield Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. The geographic area served includes the cities of Akron and Westfield, Iowa, the predominate agricultural territory in Plymouth County, and the Greater Hoyt Independent School District in Union County, South Dakota through the Interstate School District Compact. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

A. Reporting Entity

For financial reporting purposes, Akron-Westfield Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the District. Akron-Westfield Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

These financial statements have been prepared in conformity with U.S. Generally Accepted Accounting Principles (GAAP) that apply to governmental units. All funds created under the authority of the State Code of Iowa, the operations of which are under the control of the District's governing body, and by financial reporting standards for governmental units are included herewith.

The Governmental Accounting Standards Board is responsible for establishing U.S. GAAP for state and local government through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The District applies only the applicable FASB pronouncements issued prior to November 30, 1989, in accounting and reporting its proprietary operations. The more significant accounting policies established in U.S. GAAP and used by the District are discussed below.

B. Basic Financial Statements- Government-Wide Statements

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The District's general, special revenue, debt service and capital project funds are classified as governmental activities. The District's school nutrition fund is classified as a business-type activity.

In the government-wide Statement of Net Assets, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The District first uses restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the District's functions and business-type activities. The functions are also supported by general government expenses (including depreciation) by related program revenues, operating grants, and

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

capital grants. Program revenues must be directly associated with the function or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

This government-wide focus is more on the sustainability of the District as an entity and the change in the District's net assets resulting from the current year's activities.

C. Fund Financial Statements

The District uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. Funds are classified into three types: governmental, proprietary and fiduciary. The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column in the fund financial statements. GASB No. 34 sets forth minimum criteria for the determination of major funds. The various funds reported in the financial statements are grouped into fund types as follows:

GOVERNMENTAL FUND TYPES

Governmental funds are those through which most governmental functions of the District are financed. The acquisition, use and balances of the District's expendable financial resources and the related liabilities, except those accounted for in proprietary funds, are accounted for through governmental funds. The measurement focus is on determination of financial position and changes in financial position, rather than upon net income determination. The following is a description of the governmental funds of the District.

General Fund – The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund accounts for the instructional and most of the support service programs of the District's operations. Revenue of the General Fund consists primarily of local property taxes and state government aid.

Special Revenue Fund – Special Revenue Funds account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted for specified purposes. Each of the District's Special Revenue Funds has been established to reflect restricted revenue sources provided to school districts by the Iowa State Statutes.

Debt Service Fund – The Debt Service Fund accounts for the accumulation of resources for and the payment of general long-term debt principal and interest.

Capital Projects Fund – Capital Project Funds account for all resources used in the acquisition and construction of capital facilities.

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PROPRIETARY FUND TYPES

The focus of proprietary fund measurement is upon determination of operating income, changes in net assets, financial position, and cash flows. Operating revenues and expenses are distinguished from non-operating revenues and expenses. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The principal operating revenues of enterprise funds are charges to customers for services. Operating expenses consist of cost of sales and services, administrative expenses and depreciation on capital assets. The U.S. generally accepted accounting principles used are those applicable to similar businesses in the private sector.

Enterprise Funds – Enterprise Funds are used to account for operations: (a) which are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

FIDUCIARY FUND TYPES

Fiduciary Funds are used to report assets held in an agency or custodial capacity for others and therefore are not available to support District functions. Since agency funds are custodial in nature, they do not involve the measurement of results of operations and are not incorporated into the government-wide financial statements. The District's fiduciary funds include the following:

The Athletic Boosters fund is used to account for revenues earned and expenditures incurred by the Akron-Westfield Community School District Athletic Boosters.

The Employee Flex Account fund is used to account for employee contributions to flexible spending accounts and for disbursements made to those employees for the eligible expenses they incur.

The District reports the following major governmental funds:

General Fund – See the description on the previous page. The General Fund is always considered to be a major fund.

Debt Service – See the description on the previous page.

Physical Plant and Equipment Levy Fund – Accounts for a regular property tax levy and a special voted property tax levy per thousand dollars of assessed valuation in the District for use in the purchase of equipment and repairing and improving schoolhouse buildings and grounds.

The District reports the following major enterprise fund:

School Nutrition – Accounts for the food service operations of the District.

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basis of Accounting/Measurement Focus

The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year-end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financial sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

E. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the balance sheet:

Cash, Pooled Investments and Cash Equivalents – The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for non-negotiable certificates of deposit which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable – Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2006, assessed property valuations; is for the tax accrual period July 1, 2007, through June 30, 2008, and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2007.

Due from Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories – Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets – Capital assets, which include property, furniture and equipment, are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. The District's capitalization thresholds are as follows: Land, \$2,000; Building and Improvements, \$10,000; Furniture and Equipment purchased in a Governmental Fund, \$2,000; and Equipment purchased in the School Nutrition Fund, \$500.

Capital Assets are depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives (In Years)
Buildings	50 years
Improvements other than buildings	20 years
Furniture and equipment	5 years

Salaries and Benefits Payable – Payroll and related expenditures for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds as well as property tax receivable and other receivables not collected within sixty days after year end, excluding grant receivables.

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred revenue in the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Long-Term Liabilities – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Assets.

Compensated Absences – An agreement was made with an employee stating all earned but unused vacation will be paid as of the date of separation from employment with the District. The effective date of this resignation will be June 30, 2009. A liability is recorded when incurred in the government-wide financial statements. A liability for this amount is not reported in governmental fund financial statements. The compensated absences liability has been computed based on the rate of pay in effect at June 30, 2008. The compensated absences liability attributable to the governmental activities will be paid by the General Fund. All other employees have the ability to carry forward unused vacation but will not be paid upon termination, death, or retirement.

Fund Equity – In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

Restricted Net Assets – In the government-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

NOTE 2 – CASH AND POOLED INVESTMENTS

The District's deposits in banks at June 30, 2008, were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies, certain joint investment trusts; and warrants or improvement certificates of a drainage district.

There were no investments as of June 30, 2008, meeting the definition of GASB Statement 40.

NOTE 3 – INTERFUND TRANSFERS

The detail of interfund transfers for the year ended June 30, 2008, is as follows:

Transfer From	Transfer To	Amount
General	Debt Service	\$ 65,085
Special Revenue:		
Physical Plant & Equipment Levy	Debt Service	28,868
Total		<u>\$ 93,953</u>

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2008

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2008, was as follows:

	Balance July 1, 2007	Additions	Deletions	Balance June 30, 2008
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 11,388	\$ -	\$ -	\$ 11,388
Construction in Progress	45,208	86,523	45,208	86,523
Total capital assets not being depreciated	56,596	86,523	45,208	97,911
Capital assets being depreciated:				
Buildings	6,339,092	107,973	-	6,447,065
Improvements other than buildings	216,151	-	-	216,151
Furniture and equipment	1,507,675	32,967	119,345	1,421,297
Total capital assets being depreciated	8,062,918	140,940	119,345	8,084,513
Less: Accumulated Depreciation for:				
Buildings	2,816,306	180,075	-	2,996,381
Improvements other than buildings	161,825	9,944	-	171,769
Furniture and equipment	1,299,965	74,023	119,345	1,254,643
Total Accumulated Depreciation	4,278,096	264,042	119,345	4,422,793
Total capital assets being depreciated, net	3,784,822	(123,102)	-	3,661,720
Governmental activities capital assets, net	\$ 3,841,418	\$ (36,579)	\$ 45,208	\$ 3,759,631
Business-type Activities:				
Furniture and equipment	\$ 91,425	\$ 1,218	\$ -	\$ 92,643
Less: Accumulated Depreciation	76,875	2,152	-	79,027
Business-type activities capital assets, net	\$ 14,550	\$ (934)	\$ -	\$ 13,616

Construction in progress at June 30, 2008, for governmental activities consisted of costs associated with the engineering and construction for the middle school enclosure project.

Depreciation expense was charged to the functions of the governmental activities as follows:

Governmental Activities:	
Regular Instruction	\$ 207,418
Operation and Maintenance	9,944
Transportation Services	46,680
Total depreciation expenses – governmental activities	<u>\$ 264,042</u>
Business-type activities:	
Food Service Operations	<u>\$ 2,152</u>

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2008

NOTE 4 – CAPITAL ASSETS (CONTINUED)

Reconciliation of Invested in Capital Assets:

	Governmental Activities	Business- Type Activities
Land	\$ 11,388	\$ -
Construction in Progress	86,523	-
Deferred Charges	16,895	-
Capital Assets (net of accumulated depreciation)	3,661,720	13,616
Less: Bonds Payable	1,200,000	-
Notes Payable	16,647	-
Invested in Capital Assets, Net of Related Debt	<u>\$ 2,559,879</u>	<u>\$ 13,616</u>

NOTE 5 – LONG-TERM LIABILITIES

Changes in long-term liabilities for the year ended June 30, 2008, are summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
General Obligation Refunding Bonds	\$ 1,355,000	\$ -	\$ 155,000	\$ 1,200,000	\$ 155,000
General Obligation Capital Loan Notes	28,000	-	28,000	-	-
Notes Payable	79,549	-	62,902	16,647	5,000
Early Retirement	337,165	53,666	106,430	284,401	52,376
Compensated Absences	-	6,615	-	6,615	6,615
Governmental Activities Long-Term Liabilities	<u>\$ 1,799,714</u>	<u>\$ 60,281</u>	<u>\$ 352,332</u>	<u>\$ 1,507,663</u>	<u>\$ 218,991</u>

General Obligation Refunding Bonds

The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities and projects. General obligation refunding bonds have been issued for governmental activities. These bonds are direct obligations and pledge the full faith and credit of the District.

General obligation refunding bonds are direct obligations as of June 30, 2008, are as follows:

	Date of Issue	Interest Rate	Final Due Date	Amount Originally Issued	Outstanding June 30, 2008
GO Refunding Bonds	2004	2.60-4.10%	6-1-15	\$ 1,500,000	\$ 1,200,000

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2008

NOTE 5 – LONG-TERM LIABILITIES – (CONTINUED)

Annual debt service requirements to maturity for general obligation refunding bonds are as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2009	\$ 155,000	\$ 44,738
2010	165,000	39,313
2011	170,000	33,703
2012	180,000	27,583
2013	185,000	20,923
2014-2015	345,000	19,800
Total	<u>\$ 1,200,000</u>	<u>\$ 186,060</u>

General Obligation Capital Loan Notes

On November 1, 2003, the District issued \$140,000 general obligation capital loan notes with an interest rate of 3.05% to provide funds for capital improvements. The notes were repaid with proceeds from the voter approved physical plan and equipment levy and physical plant and equipment income surtax.

Notes Payable

During the year ended June 30, 1998, the District borrowed \$455,000 by issuing a capital loan note to fund the construction of a wind generator. This note was repaid. During the year ended June 30, 2001, the District entered into a \$51,647 loan agreement with the Hoyt School District to purchase a school bus. The loan is interest free and will be repaid with a reduction of transportation charges over the next ten years. Details of the District's notes payable are as follows:

<u>Year Ending June 30</u>	<u>\$51,647 Note Payable No Interest</u>
	<u>Principal Only</u>
2009	\$ 5,000
2010	5,000
2011	5,000
2012	1,647
Total	<u>\$16,647</u>

Early Retirement – Termination Benefits

During 1993, the Board of Education established an early retirement policy. All licensed professional employees who have completed at least 15 years of service within the District and are between the ages of 55 and 62 are eligible to make application for retirement benefits. Benefits are payable in two equal installments on January 20 of the two succeeding years after retirement. Benefits are based upon thirty percent of the employee's current salary plus 0.5 percent of current salary for each year of credited experience. In addition, the District will apply \$300 for retirees in fiscal year 2004 and \$425 for retirees in fiscal year 2005 and thereafter, on a monthly basis, towards an employee benefit until the earlier of the employee's death or reaching age 65.

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2008

NOTE 5 – LONG-TERM LIABILITIES – (CONTINUED)

At June 30, 2008, the District has obligations to ten participants with a total liability of \$284,401. Actual early retirement expenditures for the year ended June 30, 2008, totaled \$102,266. The cost of early retirement payments expected to be liquidated within 60 days have been recorded as a liability of the Special Revenue – Management Levy Fund in the fund financial statements. The non-current portion of the early retirement is recorded in the government-wide financial statements.

NOTE 6 – INTERFUND RECEIVABLES & PAYABLES

As of June 30, 2008, short-term interfund borrowings were as follows:

<u>Fund Due To</u>	<u>Fund Due From</u>	<u>Amount</u>
Management	General	\$ 52,462 *
PPEL	General	22,388 *
PPEL	General	620 **
		<u>\$ 75,470</u>

*The purpose of the interfund balances is to help finance the short-term cash shortage in the Capital Projects and Management Funds.

**Expenses were incorrectly paid out of the PPEL Fund, so the interfund balance has been recorded until the cash is transferred from the General Fund.

As of June 30, 2008, long-term advances were as follows:

<u>Fund Due To</u>	<u>Fund Due From</u>	<u>Amount</u>
PPEL	Debt Service	\$ 62,368
General	Capital Projects	1,593
		<u>\$ 63,961</u>

NOTE 7 – PENSION AND RETIREMENT BENEFITS

The District contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits that are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Plan members are required to contribute 3.90% of their annual salary and the District is required to contribute 6.05% of annual payroll for the year ended June 30, 2008. Plan members were required to contribute 3.70% of their annual salary and the District was required to contribute 5.75% of annual covered payroll for the years ended June 30, 2007 and 2006. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2008, 2007 and 2006 were \$201,700, \$180,574, and \$180,339, respectively, equal to the required contributions for each year.

NOTE 8 – RISK MANAGEMENT

Akron-Westfield Community School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2008

NOTE 9 – AREA EDUCATION AGENCY

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$174,153 for the year ended June 30, 2008, and is recorded in the General Fund.

NOTE 10 – COMMITMENTS

The District has entered into a contract totaling \$131,500 for the middle school enclosure project. As of June 30, 2008, costs of \$54,154 have been incurred against the contract. The balance of \$77,346 will be paid as work on the project progresses.

NOTE 11 – PRIOR PERIOD ADJUSTMENT

During the year, it was discovered that a note receivable from the Greater Hoyt Independent School District had not been recorded on the financial statements. The balance of \$122,400 was due and payable to the District as of June 30, 2007, thus should have been recorded as a note receivable. The error has been corrected and has had the following effect on the beginning fund balance:

	Capital Projects Fund
Beginning Fund Balance, As Previously Reported	\$ (6,657)
Prior Period Adjustment	122,400
Beginning Fund Balance, As Corrected	<u>\$ 115,743</u>

REQUIRED SUPPLEMENTARY INFORMATION

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE, BUDGET
AND ACTUAL, ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUND
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Budgeted Amounts</u>		Governmental	Proprietary	Total	Final Budget
	Original	Amended	Funds Actual	Fund Actual	Actual	to Actual Variance
REVENUE:						
Local Sources:						
Local Tax	\$ 2,265,844	\$ 2,265,844	\$ 2,582,687	\$ -	\$ 2,582,687	\$ 316,843
Tuition	720,000	720,000	529,388	-	529,388	(190,612)
Other	991,785	991,785	491,531	164,832	656,363	(335,422)
Intermediate Sources	60,000	60,000	-	-	-	(60,000)
State Sources	2,625,428	2,625,428	2,576,808	3,308	2,580,116	(45,312)
Federal Sources	370,000	370,000	165,957	94,396	260,353	(109,647)
Total Revenue	7,033,057	7,033,057	6,346,371	262,536	6,608,907	(424,150)
EXPENDITURES:						
Current:						
Instruction	4,434,530	4,434,530	3,836,593	-	3,836,593	597,937
Support Services	2,328,000	2,328,000	1,676,242	-	1,676,242	651,758
Non-instructional Programs	346,846	346,846	-	266,939	266,939	79,907
Other Expenditures	1,239,910	1,239,910	629,748	-	629,748	610,162
Total Expenditures	8,349,286	8,349,286	6,142,583	266,939	6,409,522	1,939,764
Excess (Deficiency) of Revenues Over Expenditures	(1,316,229)	(1,316,229)	203,788	(4,403)	199,385	1,515,614
Other Financing Sources (Uses):						
Transfers In	131,500	131,500	93,953	-	93,953	(37,547)
Transfers Out	(91,500)	(91,500)	(93,953)	-	(93,953)	(2,453)
Total Other Financing Sources (Uses)	40,000	40,000	-	-	-	(40,000)
Net Change in Fund Balances	(1,276,229)	(1,276,229)	203,788	(4,403)	199,385	1,475,614
Fund Balances - Beginning of Year	800,753	800,753	1,770,624	38,064	1,808,688	1,007,935
Fund Balances - End of Year	\$ (475,476)	\$ (475,476)	\$ 1,974,412	\$ 33,661	\$ 2,008,073	\$ 2,483,549

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT
Notes to Required Supplemental Information – Budgetary Reports
June 30, 2008

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds, except agency funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on a GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functional areas, not by fund or fund type. These four functional areas are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents functional area expenditures or expenses by fund, the legal level of control is at the aggregated functional area level, not at the fund or fund type level. This level of control is at a level higher than the individual fund. It is necessary, therefore, to aggregate the expenditures of governmental fund types with expenses of proprietary fund types on a functional area basis and to compare such functional area totals to functional area budgeted totals in order to demonstrate legal compliance with budget. The Code of Iowa also provides that District disbursements in the General Fund may not exceed the amount authorized by the school finance formula. During the year ended June 30, 2008, the District had no budget amendments.

OTHER SUPPLEMENTARY INFORMATION

**AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2008**

Schedule 1

Revenues:

Local Sources:

Local Tax:

Property Tax	\$ 1,711,094
Mobile Home Tax	319
	<u>1,711,413</u>

Other Local Sources:

Interest on Investments	32,423
Tuition from Other Districts	529,388
Transportation Fees	34,416
Sales of Services to Other LEA's/AEA's	53,088
Textbook Rents	14,182
Miscellaneous	65,389
	<u>728,886</u>
	<u>2,440,299</u>

State Sources:

State Foundation Aid	2,051,676
Instructional Support State Aid	18,768
Revenue in Lieu of Taxes - Military Credit	1,159
Beginning Teacher Mentoring Program	8,450
Educational Excellence Program:	
Phase I	50,918
Phase II	41,978
Non-Public Transportation Aid	1,838
Teacher Compensation	191,313
Vocational Education Aid	4,009
Iowa Early Intervention Block Grant	32,154
AEA Flow-Through	174,153
	<u>2,576,416</u>

Federal Sources:

Title I Grants to Local Educational Agencies	52,638
Safe and Drug-Free Schools and Communities-States Grants	1,716
Innovative Education Program Strategies (Title V Program)	727
Vocational Education - Basic Grants to States	2,909
Special Education - Grants to States	27,062
Teacher Quality Enhancement Grants	15,854
Title VI Grants for Assessments and Related Activities	4,179
Learn and Serve America School and Community Based Programs	680
Medicaid	20,921
Small Rural School Achievement Program	39,271
	<u>165,957</u>
Total Revenue	<u>\$ 5,182,672</u>

Continued

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2008

Schedule 1 (Continued)

Expenditures:	
Instruction:	
Regular Instruction:	
Salaries	\$ 1,754,987
Benefits	510,090
Services	131,097
Supplies	82,378
Property	3,818
Other	2,196
	<u>2,484,566</u>
Special Education Instruction:	
Salaries	412,150
Benefits	113,274
Services	105,798
Supplies	7,668
Property	311
Other	30
	<u>639,231</u>
Vocational Instruction:	
Salaries	154,139
Benefits	39,059
Supplies	13,351
Property	3,305
	<u>209,854</u>
Co-curricular Instruction:	
Salaries	113,107
Benefits	15,332
	<u>128,439</u>
Other Instruction:	
Salaries	12,846
	<u>12,846</u>
Total Instruction	<u><u>3,474,936</u></u>
Support Services:	
Student Services:	
Guidance Services:	
Salaries	78,113
Benefits	20,399
Supplies	735
Other	70
	<u>99,317</u>
Appraisal Services:	
Services	3,507
	<u>\$ 3,507</u>

Continued

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2008

Schedule 1 (Continued)

Support Services (Continued):

Student Services (Continued):

Health Services:

Salaries	\$ 54,100
Benefits	12,175
Services	265
Supplies	1,238
Property	918
Other	205
	<u>68,901</u>
Total Student Services	<u>171,725</u>

Instructional Staff:

Improvement of Instruction Services:

Services	6,294
Supplies	263
	<u>6,557</u>

Educational Media Services:

Salaries	35,457
Benefits	4,858
Services	628
Supplies	26,151
Property	7,081
	<u>74,175</u>
Total Instructional Staff Services	<u>80,732</u>

Administration:

Executive Administration:

Salaries	86,000
Benefits	22,919
Services	10,982
Supplies	1,329
Other	2,313
	<u>123,543</u>

School Administration:

Salaries	186,608
Benefits	59,547
Services	1,784
Supplies	3,616
Property	160
Other	2,702
	<u>\$ 254,417</u>

Continued

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2008

Schedule 1 (Continued)

Support Services (Continued):

Administration (Continued):

Business Administration:

Salaries	\$ 50,365
Benefits	19,615
Services	12,609
Supplies	1,242
Other	940
	<u>84,771</u>

Board of Education:

Services	22,233
Supplies	2,629
Other	3,228
	<u>28,090</u>

Total Administration Services:

490,821

Operation and Maintenance:

Plant Operation and Maintenance:

Salaries	117,253
Benefits	28,280
Services	87,694
Supplies	188,330
Property	2,651
Other	98
	<u>424,306</u>

Other Support Services:

Salaries	32,464
Benefits	8,104
Services	1,461
Supplies	7,009
Property	1,545
	<u>50,583</u>

Total Operation and Maintenance:

474,889

Transportation Services:

Student Transportation:

Salaries	156,782
Benefits	27,436
Services	30,117
Supplies	79,708
Property	148
Other	1,334
	<u>295,525</u>

Total Transportation Services:

295,525

Total Support Services

\$ 1,513,692

Continued

**AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2008**

Schedule 1 (Continued)

Other Expenditures:	
AEA Flow-Through	<u>\$ 174,153</u>
Total Expenditures	<u>5,162,781</u>
Excess of Revenues Over Expenditures	<u>19,891</u>
Other Financing Uses:	
Transfers To Other Funds	<u>(65,085)</u>
(Deficiency) of Revenues Over Expenditures and Other Financing Uses	<u>(45,194)</u>
Fund Balance - Beginning of Year	<u>841,746</u>
Fund Balance - End of Year	<u><u>\$ 796,552</u></u>

**AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT
COMBINING BALANCE SHEET
GOVERNMENTAL NONMAJOR FUNDS
JUNE 30, 2008**

Special Revenue Funds			
	Management Levy	Student Activity	Capital Projects
Assets			
Cash and Pooled Investments		\$ 176,421	\$ 10,236
Receivables:			
Property Tax	\$ 4,782		
Succeeding Year Property Tax	120,000		
Accrued Interest		1,754	
Due from Other Funds	52,462		
Due from Other Governments			
Note Receivable			107,100
Total Assets	177,244	178,175	117,336
Liabilities and Equity			
Liabilities:			
Accounts Payable		1,821	
Advance from Other Funds			1,593
Early Retirement Payable	4,064		
Unearned Revenue	403		
Deferred Revenue - Succeeding Year			
Property Taxes	120,000		
Total Liabilities	124,467	1,821	1,593
Fund Balances:			
Reserved for:			
Note Receivable			107,100
Unreserved for:			
Special Revenue Fund	52,777	176,354	
Capital Project Fund			8,643
Total Fund Balances	52,777	176,354	115,743
Total Liabilities and Equity	\$ 177,244	\$ 178,175	\$ 117,336

Schedule 2

Capital Projects LOST		Total
\$	255,456	\$ 442,113
		4,782
		120,000
		1,754
		52,462
	51,239	51,239
		107,100
	306,695	779,450

	3,535	5,356
		1,593
		4,064
		403
		120,000
	3,535	131,416

		107,100
		229,131
	303,160	311,803
	303,160	648,034
\$	306,695	\$ 779,450

**AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL NONMAJOR FUNDS
FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Special Revenue Funds</u>		
	<u>Management Levy</u>	<u>Student Activity</u>	<u>Capital Projects</u>
Revenue:			
Local Sources:			
Local Tax	\$ 235,332	\$ -	\$ -
Other	11,937	248,129	-
State Sources	181	-	-
Total Revenue	<u>247,450</u>	<u>248,129</u>	<u>-</u>
Expenditures:			
Current:			
Instruction:			
Regular Instruction	107,343	-	-
Other Instruction	-	253,299	-
Support Services:			
Student Services	7,566	-	-
Instructional Staff Services	12,016	-	-
Administration Services	20,685	-	-
Operation and Maintenance	35,143	-	-
Transportation Services	9,549	-	-
Other Expenditures:			
Facilities Acquisition and Construction	-	-	-
Total Expenditures	<u>192,302</u>	<u>253,299</u>	<u>-</u>
Excess(Deficiency) of Revenues Over Expenditures	<u>55,148</u>	<u>(5,170)</u>	<u>-</u>
Net Change in Fund Balances	55,148	(5,170)	-
Fund Balances (Deficits) - Beginning of Year	(2,371)	181,524	(6,657)
Prior Period Adjustment	-	-	122,400
Fund Balances - Beginning of Year, Restated	<u>(2,371)</u>	<u>181,524</u>	<u>115,743</u>
Fund Balances - End of Year	<u>\$ 52,777</u>	<u>\$ 176,354</u>	<u>\$ 115,743</u>

Schedule 3

Capital Projects LOST	Total
\$ 294,583	\$ 529,915
3,487	263,553
-	181
298,070	793,649
1,015	108,358
-	253,299
-	7,566
36,178	48,194
-	20,685
12,843	47,986
-	9,549
122,418	122,418
172,454	618,055
125,616	175,594
125,616	175,594
177,544	350,040
	122,400
177,544	472,440
\$ 303,160	\$ 648,034

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT
SCHEDULE OF INDIVIDUAL STUDENT ACTIVITY ACCOUNT ACTIVITY
FOR THE YEAR ENDED JUNE 30, 2008

					Schedule 4
	Balance June 30, 2007	Revenues	Expenditures	Operating Transfers	Balance June 30, 2008
Adult Education	\$ 291	\$ -	\$ -	\$ (291)	\$ -
Ag. and Industrial Arts Resale	2,887	180	120	-	2,947
Alumni	475	-	-	(475)	-
Art Club	1,294	498	278	-	1,514
Art-Science Trip	-	-	189	189	-
Athletics	35,354	59,511	65,072	-	29,793
Athletic Pop	18,755	6,389	5,066	-	20,078
AW Store	3,480	4,973	4,666	-	3,787
Class of 2008/Class 2010	1,241	267	1,508	-	-
Class of 2009	-	8,001	7,385	-	616
Climate Committee	-	280	308	28	-
Coaches Towels	-	289	3,151	2,862	-
Community Service Day	-	250	-	-	250
Concessions	5,500	21,603	22,512	-	4,591
Drill Team	2,301	8,244	8,175	-	2,370
Extra Duty	619	-	-	(619)	-
Family Career Community Leader of America	1,750	1,149	1,362	-	1,537
Flags	614	890	902	-	602
Future Farmers of America	5,671	34,283	31,123	-	8,831
High School Student Council	6,235	6,497	4,971	-	7,761
Home Economics	414	-	28	-	386
Interest/Student Management	23,112	4,658	5,486	(1,694)	20,590
Kindergarten Milk	2,017	803	699	-	2,121
Lakeside Lab	571	6,759	6,181	-	1,149
Medicaid Adm. Claim	658	-	658	-	-
Middle School Student Council	9,957	10,545	10,496	(40)	9,966
Music - Instrumental	6,575	8,292	8,735	-	6,132
Music - Vocal	10,678	12,882	14,504	-	9,056
National Honor Society	-	892	892	-	-
PBS	-	2,976	1,404	-	1,572
Pep Club	4,943	1,443	2,859	-	3,527
Physical Education Revolving	8,102	703	-	-	8,805
Pictures	1,871	-	-	-	1,871
Project Prom	1,979	6,893	7,186	-	1,686
Revolving	521	2,073	2,073	-	521
Scholarship	911	-	200	-	711
Speech	364	6,972	4,046	-	3,290
TAG	-	1,711	1,751	40	-
Textbooks	720	13,932	14,252	-	400
Thespians	6,297	2,337	4,618	-	4,016
Towel	10,505	1,711	966	-	11,250
Western Roundup	4,862	9,243	9,477	-	4,628
	<u>\$ 181,524</u>	<u>\$ 248,129</u>	<u>\$ 253,299</u>	<u>\$ -</u>	<u>\$ 176,354</u>

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS
 AGENCY FUNDS
 JUNE 30, 2008

Schedule 5

	Athletic Boosters	Employee Flex Account	Total
ASSETS			
Cash and Pooled Investments	\$ 1,076	\$ 3,841	\$ 4,917
Total Assets	<u>1,076</u>	<u>3,841</u>	<u>4,917</u>
LIABILITIES			
Due to Others	1,076	3,841	4,917
Total Liabilities	<u>\$ 1,076</u>	<u>\$ 3,841</u>	<u>\$ 4,917</u>

**AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2008**

				Schedule 6
	Balance July 1, 2007	Additions	Deductions	Balance June 30, 2008
Athletic Boosters				
Assets				
Cash and Pooled Investments	\$ 1,013	\$ 7,235	\$ 7,172	\$ 1,076
Total Assets	<u>1,013</u>	<u>7,235</u>	<u>7,172</u>	<u>1,076</u>
Liabilities				
Due to Others	<u>1,013</u>	<u>7,172</u>	<u>7,235</u>	<u>1,076</u>
Total Liabilities	<u>1,013</u>	<u>7,172</u>	<u>7,235</u>	<u>1,076</u>
Employee Flex Account				
Assets				
Cash and Pooled Investments	<u>2,152</u>	<u>47,519</u>	<u>45,830</u>	<u>3,841</u>
Total Assets	<u>2,152</u>	<u>47,519</u>	<u>45,830</u>	<u>3,841</u>
Liabilities				
Due to Others	<u>2,152</u>	<u>45,830</u>	<u>47,519</u>	<u>3,841</u>
Total Liabilities	<u>2,152</u>	<u>45,830</u>	<u>47,519</u>	<u>3,841</u>
Total				
Assets				
Cash and Pooled Investments	<u>3,165</u>	<u>54,754</u>	<u>53,002</u>	<u>4,917</u>
Total Assets	<u>3,165</u>	<u>54,754</u>	<u>53,002</u>	<u>4,917</u>
Liabilities				
Due to Others	<u>3,165</u>	<u>53,002</u>	<u>54,754</u>	<u>4,917</u>
Total Liabilities	<u>\$ 3,165</u>	<u>\$ 53,002</u>	<u>\$ 54,754</u>	<u>\$ 4,917</u>

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT
SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
ALL GOVERNMENTAL FUNDS
FOR THE YEARS ENDED JUNE 30, 2008, 2007, 2006, 2005

Schedule 7

	Modified Accrual Basis of Accounting			
	2008	2007	2006	2005
Revenues:				
Local Sources:				
Local Tax	\$ 2,582,687	\$ 2,626,442	\$ 2,527,810	\$ 2,361,791
Tuition	529,388	582,247	656,329	579,088
Other	491,531	574,622	569,013	486,195
State Sources	2,576,808	2,466,557	2,315,907	2,466,637
Federal Sources	165,957	180,968	236,879	177,232
Total	<u>6,346,371</u>	<u>6,430,836</u>	<u>6,305,938</u>	<u>6,070,943</u>
Expenditures:				
Instruction:				
Regular	2,592,924	2,417,078	2,268,824	2,169,018
Special	639,231	585,123	558,794	546,674
Other	604,438	660,313	695,396	717,219
Support Services:				
Student	179,291	173,562	169,917	161,488
Instructional Staff	128,926	98,475	138,848	156,101
Administration	511,506	504,489	518,034	512,645
Operation and maintenance of plant	529,775	558,584	651,804	421,483
Transportation	326,744	358,803	364,074	328,578
Non-instructional programs	-	-	-	500
Other Expenditures:				
Facilities Acquisition	156,079	340,670	33,686	516
Long-term debt:				
Principal	245,903	257,501	109,989	217,611
Interest and other charges	53,613	62,198	148,392	154,390
AEA Flowthrough	174,153	169,290	162,508	184,103
Total	<u>\$ 6,142,583</u>	<u>\$ 6,186,086</u>	<u>\$ 5,820,266</u>	<u>\$ 5,570,326</u>

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT
Schedule of Findings
Year Ended June 30, 2008

Schedule 8

Part I: Summary of the Independent Auditor's Results

- (a) An unqualified opinion was issued on the financial statements.
- (b) Significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements, including material weaknesses.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.

Part II: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

There were no prior year audit findings.

SIGNIFICANT DEFICIENCIES:

II-A-08 Financial Accounting – Segregation of Duties

Observation – The School District accountant is involved in almost all phases of the finance operations, including check preparation, preparation of journal entries, as well as financial reporting and statements. We did note that invoices/claims are not paid until reviewed by the superintendent.

Recommendation – With a limited number of personnel, segregation of duties is difficult. The School District has implemented management review procedures which we feel aid in improving the internal controls of the School District. However, we comment that this weakness exists and the duties of the accountant should be continually monitored by management.

Response – The District feels that additional personnel would not be cost effective. However, management will continue to monitor transactions on a regular basis.

Conclusion – Response accepted.

II-B-08 Financial Reporting

Observation – During the audit, we identified material amounts of receivables, payables and capital asset additions not recorded in the District's financial statements. Adjustments were subsequently made by the District to properly include these amounts in the financial statements.

Recommendation –The District should implement procedures to ensure all receivables, payables and capital asset additions are identified and included in the District's financial statements.

Response – We will double check these in the future to avoid missing any receivables, payables or capital asset transactions.

Conclusion – Response accepted.

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT
Schedule of Findings
Year Ended June 30, 2008

Schedule 8 (Continued)

Part III: Other Findings Related to Statutory Reporting:

- III-A-08 Certified Budget – Expenditures for the year ended June 30, 2008, did not exceed the certified budget amount.
- III-B-08 Questionable Disbursements – No disbursements were noted that they may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.
- III-C-08 Travel Expense – No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
- III-D-08 Business Transactions – Business transactions between the District and District officials or employees noted during the year ended June 30, 2008 are detailed as follows:
- | <u>Name, Title and Business Connection</u> | <u>Description</u> | <u>Amount</u> |
|--|--------------------|---------------|
| Kevin DeRocher, self-employed contractor, Board Member | Cement Work | \$ 1,150 |
- III-E-08 Bond Coverage – Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.
- III-F-08 Board Minutes – No transactions requiring Board approval that had not been approved by the Board were noted.
- III-G-08 Certified Enrollment – No variances in the basic enrollment data certified to the Department of Education were noted.
- III-H-08 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy were noted.
- III-I-08 Certified Annual Report – The Certified Annual Report was certified timely to the Department of Education.
- III-J-08 Financial Condition – No funds had a deficit fund balance at June 30, 2008.



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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON
INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON
AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Education of the
Akron-Westfield Community School District

We have audited the financial statements of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 9, 2009. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Akron-Westfield Community School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Akron-Westfield Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Akron-Westfield Community School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies and material weaknesses.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Akron-Westfield Community School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of the Akron-Westfield Community School District's financial statements that is more than inconsequential will not be prevented or detected by the Akron-Westfield Community School District's internal control. We consider the deficiencies described in the accompanying Schedule of Findings as items II-A-08 and II-B-08 to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by the Akron-Westfield Community School District's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe the significant deficiencies described above are material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Akron-Westfield Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance that are required to be reported under *Government Auditing Standards*.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2008, are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

The Akron-Westfield Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings. We did not audit the Akron-Westfield Community School District's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the board of education, management, employees and citizens of Akron-Westfield Community School District and other parties to whom the Akron-Westfield Community School District may report. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Akron-Westfield Community School District during the course of our audit. If you have any questions concerning any of the above matters, we would be pleased to discuss them with you at your convenience.

Williams & Company, P.C.
Certified Public Accountants

Le Mars, Iowa
February 9, 2009